

An Employer's Guide to Child Support



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Division of Child Support
Washington State Department of
Social and Health Services

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*The Division of Child
Support (DCS) relies on
your cooperation in the
collection of child support.*

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The Partnership

The Washington State Legislature created a partnership between the business community and the Division of Child Support (DCS) in order to strengthen and streamline Washington's child support system.

Child support for families on public assistance repays the state for some of the welfare received by those families. Child support to families not on public assistance prevents dependence on welfare programs in the future. This results in a savings to Washington residents by reducing the tax burden needed to fund state programs.



Background

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The Benefits

The fast, efficient collection of child support helps the employer, taxpayers, and children. Direct payroll deductions ensure the fastest collection of child support. Payroll deduction and other wage withholding methods provide many long-term benefits to employees as well as employers.

Employer's Benefit

- More stable employees
- Less absenteeism and higher productivity
- Reduction in tax burden

Employee's Benefit

- Improved parent/child relationship
- Reduced stress
- Fewer legal and financial problems

Methods that work

To be effective, we need to work together. Employer cooperation and involvement enhance the success of our state's child support program. DCS welcomes your questions and suggestions toward improving our partnership.

The programs discussed in this handbook reflect a commitment to improve the lives of children. These programs are: New Hire Reporting, Income Withholding, Medical Insurance Enforcement, and Electronic Funds Transfer.

Questions and suggestions

Please refer to this handbook when dealing with various child support enforcement situations. We welcome your questions and contributions toward improving this handbook.

If you have questions concerning your duties as an employer, or your employees have questions about specific child support cases, please contact the nearest Division of Child Support (DCS) office listed on page 21 of this book.

New hire reporting

Beginning October 1, 1998, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (the federal welfare reform law) requires all employers to report all newly hired and rehired employees to the Division of Child Support (DCS). To comply with federal law, Washington revised state law (RCW 26.23.040). You may already know about New Hire Reporting because Washington state has had a limited program in effect since 1990. The program helps collect child support, reduce dependence on welfare programs and improves detection of unemployment and industrial insurance claim fraud.

Questions and Answers

Who has to report?

All employers doing business in the United States.

Who do I report and when should I report them?

Report all newly hired or rehired employees within 20 days of hiring. A rehire is an employee who returns to work after a 30-day period regardless of the reason for the absence. Not reporting could result in a penalty.

New Hire Reporting

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If you do business in two or more states, you must:

- Select one state to report to.
- Submit reports in two monthly transmissions no earlier than 12 days and no later than 16 days from the date of hire.
- Report electronically using the Internet or magnetic media (diskette, tape or cartridge).

- Call (410) 277-9470 to register as a multi-state employer.

What information do I report?

Include in each report:

Employee Information

Name

Address

Social Security Number

Date of birth

Employer Information

Your Business Name

Your Business Address

Federal Identification Number (FEIN)



How do I report employees?

Select the method of reporting below that works best for your business. Whether you mail or fax the IRS W-4, create your own form, or use the Internet, remember to include your company information.

Mail reports, diskettes, or tapes to:
ISSD Data Control
New Hire Reporting Program
P O Box 9023
Olympia, WA 98507-9023

Report over the Internet at:
www.wa.gov/dshs/newhire

Fax reports to:
1-800-782-0624

Ship tapes or cartridges to:
New Hire Media
14th & Jefferson
1st Floor, NE Wing
Olympia, WA 98507-9162

More Questions? Call: 1-800-562-0479 for technical assistance with tapes and diskettes, or for general new hire information.

Income Withholding

If DCS needs you to begin withholding from an employee's wages, we will send you a form. Depending on the circumstances of the case, DCS will send one of four forms.

- Notice of Payroll Deduction names a specific dollar amount to withhold each month or each pay period.
- Order to Withhold and Deliver names a percentage of the employee's disposable earnings to withhold each pay period.
- Assignment of Earnings or Income is income withholding initiated by the employee through DCS. Only DCS can release this assignment.
- Order/Notice to Withhold Income for Child Support is a new federal form you may receive from Washington or any other state.

State and federal laws require DCS to issue a wage or income withholding notice to an employer when the employee's child support order contains withholding language. The law does not require DCS to give your employee advance notice of deductions because the support order provides the notice. That is why DCS calls the process "Immediate Wage Withholding."

Income Withholding

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This also means that an employer can receive a Notice of Payroll Deduction even if the employee is not late with a payment.

If you receive any of these notices, you must:

- Begin withholding the amount on the form, but never more than 50 percent of the employee's

disposable earnings. This includes withholding from any unpaid wages or income due to an employee when the notice arrives, even if the employee has left employment.

- Send us the answer form within 20 days after you get the notice.
- Send any withheld money within seven days of the pay day.
- Let us know if the employee terminates for any reason.

The following questions and answers should help employers respond to a wage or income withholding action.

How will the notice be delivered?

DCS sends the withholding notice to you by regular mail, certified mail, or personal service.

What if the employee tells me the amount claimed is wrong and that I do not need to withhold? What if the employee tells me he was never notified of the support obligation?

If your employee has questions, suggest that he or she call the DCS office that sent you the notice. Either the court or DCS notifies every responsible parent before income is withheld. Sometimes the notice is in the child support order. Other times, DCS sends the notice separately. Regardless of what the employee tells you, the law requires you to withhold until DCS releases the notice in writing. If you do not, you may be liable for the full amount of the debt or the amount you should have deducted.

Should I withhold the money from other sources of earnings, including bonuses and commissions?

Yes. “Earnings” means any compensation paid or payable for personal services. Earnings may be wages, salary, commission, draws against earnings, bonuses, or other income that you, the employer, have in your possession. This does not include gratuities that the employee may receive directly from a customer. Usually any money owed to the employee is subject to collection action.

What is “net disposable income?”

Disposable income is the amount remaining after deductions required by law, such as taxes, Labor and Industry deductions, mandatory union dues, and some state retirement deductions. Any advances against earnings that an employee may receive are subject to the same withholding requirements. Any considerations the employee receives in lieu of money for services rendered, such as free rent, must be converted to a monetary amount and attached.

What if someone else is garnishing the employee’s wages when the notice arrives?

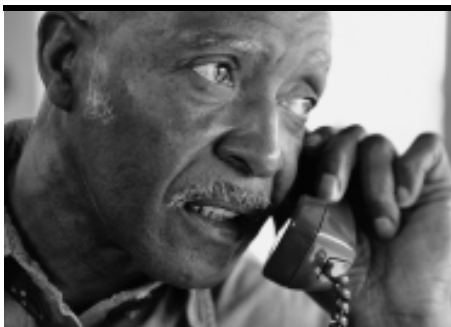
Federal laws require child support withholding to take priority over all other claims against wages. Washington state law requires that DCS payroll deduction notices take priority over all other claims against wages, including a child support withhold from another state. Employers must withhold the stated amount, up to 50 percent of the employee’s disposable earnings.

If DCS claims more than 25 percent of the employee’s disposable earnings, the remaining income is unavailable to meet claims filed by other creditors, except for IRS tax liens. If you have an IRS tax lien in place when you receive our notice, contact the DCS office (listed on the last page of this book) and notify them of the lien.

Do I have to honor wage withholding orders issued by other states?

Yes. Every state's law requires an employer to honor wage withholding orders issued by any state. But you don't have to know 50 sets of withholding laws. Treat the notice just like a Washington notice. You may not deduct more than 50 percent of the employee's net disposable income. Another state may only send a notice to an employer to attach earnings. Send the withheld earnings to the state that sent the notice.

If you have questions relating to orders issued by other states, call your local DCS Office (numbers are available on the last page of this book).



What if the person no longer works for me?

Complete only
Section 2 on
Page 2 of the
answer form
(Answer to the

Order to Withhold and Deliver/Notice of Payroll Deduction). Send it back to us within 20 days. If you owe any money to the former employee, withhold from that amount. Continue to withhold through the final pay period. If you know the employee's new address or employer, please provide this information.

May I exceed the 50 percent limitation to enroll the children in medical insurance?

No. Please see the Medical Insurance portion of this handbook.

Must I deduct from each payday in the month?

Generally yes. The law allows an employer to divide the monthly amount by the number of paydays in the month. Most employers deduct from the first four paydays when they pay the employee weekly, and from the first two paydays if they pay every two weeks. This secures the monthly payment.

Can I annualize payments?

In most cases, no. Federal law requires DCS to collect 100 percent of the current support the person owes and part of any past due support each month. Annualizing the payments may reduce the amount collected to less than current support.

Can I write one check to DCS for all my employees' child support payments?

Yes. Employers may combine payments due from more than one employee into one check. Please include the following information with each combined remittance: all social security numbers, employee names, dates the employee receives the paycheck, and amounts withheld.

Can I send the money to DCS by Electronic Funds Transfer (EFT)?

Yes. Please see the Electronic Funds Transfer section in this handbook for information.



Can I charge the employee a processing fee for withholding per DCS requirements?

Yes. Employers can charge a one-time \$10 fee for the first disbursement to DCS. For each succeeding disbursement, the employer can charge no more than one dollar. Deduct the fees from the employee's share of the earnings after deducting for child support.

Can an employer dismiss employees or refuse to hire someone because DCS has withholding claims against their wages?

No. A court could penalize you for double the employee's lost wages plus attorney fees for dismissing or refusing to hire persons because of a child support withholding order or payroll deduction.

Medical Insurance

To help reduce the high cost of Medicaid, DCS enforces the health insurance requirement in child support orders. A parent must give DCS the insurance information for the dependent children or explain why coverage is not available. If the parent does not respond, DCS notifies the employer to enroll eligible dependents in an available medical insurance plan.

To enroll children in medical insurance plans, DCS sends employers a Notice of Enrollment form.

You might receive this notice enclosed with a notice to withhold wages or as a separate action. The notice may come by certified mail, regular mail or personal service. The notice tells you how to enroll dependents and outlines your duties as an employer. You must return the answer form to DCS within 35 days of receipt of the notice.

Court orders vary greatly on when a parent must provide insurance. Pay special attention to page 2 of the Notice of Enrollment to see what restrictions apply in each case. Call the office that issued the notice if you have questions.

Questions and Answers

Our company received a notice to

enroll an employee's children in our medical insurance plan. We offer employees both medical and dental insurance plans. Should we enroll the children in one or both plans?

The Notice of Enrollment tells the maximum amount that

the employee must pay for the children's insurance. You should enroll the children in whatever insurance plans can be purchased within the stated limit. This may be one or both of the insurance plans, but medical insurance has priority over dental insurance if you must choose one.

What if our insurance plan requires employees to pay a premium for children?

Enroll the children if the employee's premium payment does not exceed the amount shown in the Notice of Enrollment. Withhold the premium from the employee's wages. Forward the premium to the insurance company. Do not take the premium from the funds withheld for child support.

What if the premium amount plus the amount deducted for child support exceeds 50 percent of the employee's disposable earnings?

Do not enroll the children if the premium plus the child support deduction is more than 50 percent of the employee's disposable earnings. On the answer form, on Page 2, A.5., enter the amount the employee must pay for the children's insurance premium. Check the box at B and enter the employee's monthly net income. DCS may send you a notice telling you to lower the withholding for child support to allow for enrolling the children in the insurance plan.

The premium amount shown on the Notice of Enrollment will allow us to enroll some but not all of the children listed on the notice. Should we enroll any of the children? If we enroll some of the children, how do we determine which children to enroll?

DCS decides which children to enroll. DCS will need to

know the cost to enroll each child. Contact the DCS representative who handles the employee's case (listed at the bottom of the Notice of Enrollment).

Our insurance company will not enroll the children because they do not live with the employee.

Washington state laws prohibit an insurance company from denying enrollment of a child under the health plan of the child's parent on any of the following grounds: that the child does not reside with the parent or in the insurer's service area; that the parent did not claim the child as a dependent on the parent's federal income tax return; or that the child was born out of wedlock. The insurance company must enroll without regard to any enrollment season restrictions. If your insurance company has questions, refer them to DCS.

What if the insurance company requires the employee's permission before they will add any children to the policy?

State law allows insurance companies to add dependents to an insurance policy upon receipt of the Notice of Enrollment. If your insurance company has questions, please refer them to DCS.

The insurance plan requires employee enrollment before adding any dependents. Must we enroll the employee when we receive a notice to enroll the children?

DCS has no authority to force an employee to enroll. If the insurance plan requires employee enrollment, the employee must volunteer to enroll. If the employee does not volunteer, you do not need to enroll the employee. On the answer form, check the box stating that the employee/member is not enrolled in a health insurance plan.

What if we cannot enroll the employee's children because the employee has medical insurance benefits through a union? We do not offer medical insurance to these employees.

On the answer form, check the box stating that you do not offer health insurance to your employees/members. On page 3 of the answer form, please give DCS the name and address of the employee's union local. If the employee must pay a premium for the children, withhold the premium from the employee's wages. Forward the premium to the insurance company. On Page 3 of the answer form, tell us the address to which you sent the premiums.

What happens when DCS releases the Notice of Enrollment?

When DCS releases the notice, you no longer are required to enroll the employee's children in an insurance plan. However, you should not delete children from the insurance unless the employee tells you to delete them.

Electronic Funds Transfer (EFT)

DCS encourages employers to remit withheld support money electronically. Electronic Funds Transfer (EFT) transactions are cheaper, faster, and safer to send and receive than paper checks. Employers may call 1-800-468-7422 for more detailed information.

Questions and Answers

How does EFT work?

As an employer, you may authorize DCS's bank to withdraw (debit) from your business bank account a given dollar amount, on a specific day for one employee or list of employees. You may authorize one of two different kinds of EFT:

Repetitive Debit

If the amounts, employees, and days of the month remain the same each month, you can approve DCS initiating the withdrawal from your bank automatically.

If something does change, just call DCS to modify the EFT.

Phone or Modem

If the amount withheld varies from pay period to pay period, you can initiate the debit from the bank account by sending the information to DCS's bank via a touch tone phone ("pay-by-phone") or personal computer/modem.

There are other ways to send support money and information electronically. These depend on the technology available to the employer's bank. DCS staff can help determine whether these "credit" options are appropriate for your company.

Do I need a minimum number of employees for whom I withhold support before I can use EFT?

No. EFT is available to any size company.

Does choosing EFT affect my duties regarding how much to withhold and when to remit (in response to an income withholding notice)?

No. Only the method of payment is different. As with paper checks, an employer may send multiple EFT payments to DCS in one month.

What does it cost my business to set up EFT?

Nothing. If the employer uses pay-by-phone or computer/modem, DCS will work with the employer's bank. DCS will provide the software and instructions and pay the expenses. The bank should not charge any transaction fees for deducting money from the employer's account.

How do I start sending withheld support payments via EFT?

Call 1-800-468-7422 or write to DCS at PO Box 9010, Olympia, WA 98507-9010. DCS staff will help you determine the best EFT format for your business and send you the appropriate authorization form.

Please contact your local DCS office if you have case-specific questions.

CHILD SUPPORT OFFICES

Everett DCS

1-800-729-7580
or 425-290-3200

Kennewick DCS

1-800-345-9981
or 509-734-7200

Olympia DCS

1-800-345-9964
or 360-438-8510

Seattle DCS

1-800-526-8658
or 206-341-7000

Spokane DCS

1-800-345-9982
or 509-456-4293

Tacoma DCS

1-800-345-9976
or 253-627-1545

Vancouver DCS

1-800-345-9984
or 360-696-6391

Wenatchee DCS

1-800-535-1113
or 509-886-6200

Yakima DCS

1-800-441-0859
or 509-575-2138



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